

EXECUTIVE OFFICER SUMMARY REPORT
April 8, 2005

ITEM: **8**

SUBJECT: **FY 05/06 PROPOSED BUDGET**

Consideration and possible adoption of a resolution (*tentative Resolution 05-01*) approving the Conservancy's proposed FY 05/06 budget and expenditure report. (*Deborah Jayne*)

PURPOSE: Consideration and possible adoption of tentative Resolution 05-01. This agenda item provides an opportunity for the Board to review and approve the proposed FY 05/06 budget.

DISCUSSION: The overall budget for a state-chartered Conservancy typically has two major components or "line-items": (1) the Support Budget; and (2) the Capital Outlay Budget. The Support Budget pays staff salaries, Board Member stipends, and all Conservancy operations (e.g., travel, equipment, supplies, lease, utilities, postage, consulting and professional services, etc). The Capital Outlay Budget is used to acquire, restore, or develop property or implement related projects.

As you know, the San Diego River Conservancy currently does not have Capital Outlay funds or even a line-item established to receive future Capital Outlay funds.

STATE BUDGET (Environmental License Plate Fund)

	FY 03/04	FY 04/05	FY 05/06
Baseline Support Budget	\$265,000	\$269,000	\$274,000
One-time Reappropriation of FY 03/04 Support Budget		\$221,000 ¹	
Encumbered Funds			\$221,000 ²
Capital Outlay Reimbursement			\$0 ³
Total	\$265,000	\$490,000	\$495,000 ⁴

¹ FY 03/04 Support Budget of \$265,000, minus \$44,000 total FY 03/04 expenditures

² This amount will be supplemented with the unspent balance of the FY 04/05 support budget.

³ This line item includes \$500,000 of reimbursement authority.

⁴ This amount will be supplemented with the unspent balance of the FY 04/05 support budget.

Support Budget

As shown above, the Conservancy's state budget consists entirely of Support dollars (i.e., current year's annual baseline support budget plus reappropriated or encumbered unspent support dollars from previous years).

The annual baseline Support Budget can be incrementally adjusted in either direction. The proposed baseline Support Budget of \$274, 000 for FY 05/06 includes a small incremental adjustment (from \$269,000 in FY 04/05).

There are two new line items shown for FY 05/06. The first, "Encumbered Funds", represents the amount the Conservancy anticipates encumbering in an Interagency Agreement with the State Coastal Conservancy. The Encumbered Funds item will include both the Conservancy's \$221,000 one-time reappropriation of its FY 03/04 Support Budget (currently shown) and the unspent balance of its FY 04/05 Support Budget (which is estimated to be approximately \$200,000 and is not currently shown).

Capital Outlay Reimbursement Budget

The proposed Capital Outlay Reimbursement line-item has been requested pursuant to the attached Finance Letter for Budget Year 05/06 (**Supporting Document 4**). Establishment of the Capital Outlay line item is necessary to allow the Conservancy to receive Capital Outlay Funds in the future. The Finance Letter also requests "Reimbursement Authority" of \$500,000 to allow the Conservancy to receive funds from other state entities as appropriate through Interagency Agreements for project-related funding.

OTHER FUNDING SOURCES

Remaining Proposition 40 River Parkway Funds (in Resource Agency Budget)	\$7.8 million
Special Account: City of San Diego Settlement	\$240,000

The "Other Funding Sources" table above documents the \$7.8 million balance of the original \$12 million appropriation earmarked for the San Diego River and contained in the Resources Agency's budget. The entire \$7.8 million is in Proposition 40 River Parkway Funds.

In addition, the Conservancy anticipates receiving a \$240,000 award from the City of San Diego. See agenda item 9.

Supporting Document 3 provides the proposed FY 05/06 Operating Expenses and Equipment schedule. This schedule shows projected expenditures but does not include the \$221,000 to be encumbered (FY 03/04 reappropriated Support Budget) which will be used for development and early implementation of the Conservancy's Five-Year Infrastructure Plan. The Five-Year Infrastructure Plan will serve as the basis / justification for the Conservancy's future requests for Capital Outlay funding as needed to achieve our mission.

The Conservancy's entire budget is supported solely by the state's Environmental License Plate Fund (and contains no General Fund support).

LEGAL CONCERNS: None.

FISCAL IMPACT: None.

SUPPORTING
DOCUMENTS:

1. Tentative Resolution 05-01
2. Governor's Proposed FY 05/06 Budget
3. Proposed Supplementary Schedule of Operating Expenses and Equipment (OE&E) FY 05/06
4. Capital Outlay Finance Letter FY 05/06

RECOMMENDATION: Adopt tentative Resolution 05-01.